

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL AND PERIODICALS  
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE WITNESS STEPHEN B.  
HAGENSTEIN TO STEVE HUTKINS INTERROGATORIES AND REQUEST FOR  
PRODUCTION OF DOCUMENTS SH/USPS-T3-1 THROUGH 5  
(May 25, 2021)**

The United States Postal Service hereby provides responses of Witness Stephen B. Hagenstein to the above-listed interrogatories. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

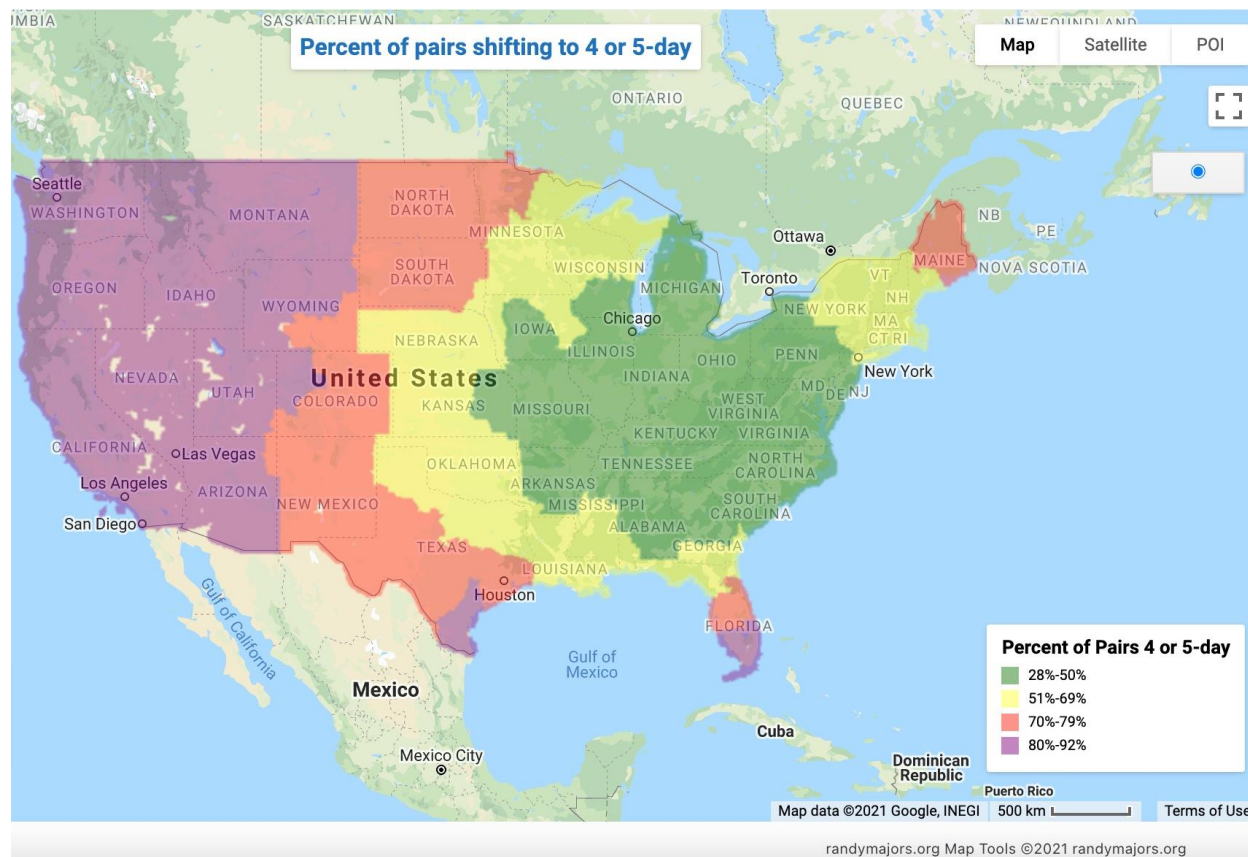
Anthony Alverno  
Chief Counsel, Global Business & Service  
Development

Ian Brown  
Peter J. McNulty  
B.J. Meadows, III  
Andrew Pigott

475 L'Enfant Plaza, S.W.  
Washington, D.C. 20260-1135  
(202) 268-6706  
ian.d.brown@usps.gov  
May 25, 2021

## RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF STEVE HUTKINS

**SH/USPS-T3-1.** Please consider the following map showing the distribution of 4- and 5-day OD pairs across the contiguous U.S.<sup>1</sup> Please confirm that the map appears to be a reasonably accurate representation of what will occur under the Postal Service's plan, e.g., the western part of the country will see a much larger percentage of 4- and 5-day pairs than the eastern part of the country. If not confirmed, please explain.



### RESPONSE:

Confirmed.

<sup>1</sup> The data set used to create this map was derived from USPS-LR-N2021-1-3, Excel sheet entitled "3\_Zip3\_OD\_Pairs.xlsx," by totaling the 4 and 5-day pairs for each 3-digit zip. This data can be found on Google Drive at <https://bit.ly/3osPqT5>. The map was created using a mapping tool at [randymajors.org](https://randymajors.org). For closer inspection, an interactive version of the map can be found at <https://bit.ly/3wgXkl2>.

## **RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF STEVE HUTKINS**

**SH/USPS-T3-2.** Please refer to Commission Report: Complaint on First-Class Mail Standards, Docket No. C2001-3, April 17, 2006, which dealt with the changes in service standards made in 2000-2001. Please refer to p. 2, section 1006, where the Commission stated the following:

Conclusions are also mixed because the record indicates that service under the adjusted standards appears to have improved for some postal patrons. However, many postal patrons in the western part of the Nation experienced a disproportionate number of service downgrades. Thus, the delivery service under the realignment resulted in a degree of unfairness and undue discrimination under section 403(c) for these patrons.

Please also refer to Commission Report, Appendix C, p. 12, section 38, where the Commission stated the following:

The Commission finds that the Complainant's assertions of undue discrimination, to the extent they involve delivery in California and other locales in the Pacific and Western areas, have merit. The Service's approach and application of the new model, given its underlying assumptions, resulted in a degree of unfairness that was clearly unintended, but nevertheless real. Geography, network design, and distances all play legitimate roles in determining service standards, but the Service's starting point — which, among other things, proceeded without public involvement and eliminated air transportation from initial determinations — exhibits an inappropriate degree of arbitrariness with respect to delivery in the areas Mr. Carlson highlights. The results, in turn, also impede the Service's ability to meet the mandate of section 101(a), which exhorts the Service "... to provide prompt, reliable, and efficient services to patrons in all areas...."

Please discuss the similarities and differences between the 2000-2001 changes in standards and changes described in the current proposal, and please explain why the differences are such that the Commission would have no reason to find that the current proposal also results in "undue discrimination" under 403(c) and impedes the Postal Service's ability to meet the mandate of section 101(a).

### **RESPONSE:**

The changes currently before the Commission differ in key attributes from those discussed in Docket No. C2001-3. The differences, moreover, are both substantive and procedural in nature. By way of context, it bears recalling that Docket No. C2001-3 involved a series of changes first proposed in 1989, partially implemented in 1990, and later completed in 2001. It is the second stage of implementation, styled "phase two" by the Postal Service, that garnered the Complaint now cited by Mr. Hutkins.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN  
TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF  
STEVE HUTKINS**

In phase two, the Postal Service sought to achieve a “2-Day service standard definition.” To that end, it examined Sectional Center Facilities (SCFs) and Area Distribution Centers (ADCs) to determine which ones were (a) within the home State and nearby States and (b) within reasonable reach of surface transportation. Having established the minimum transportation windows available with which to transport mail, the Postal Service then decided upon a maximum 12-hour highway drive-time range by which to determine those destinations that would become part of the 2-Day service area for any Processing Plant of origin.<sup>2</sup> The 12-hour drive time was based on computer projections.<sup>3</sup>

The changes now before the Commission would likewise divert transportation from the air to the ground. They would also shift certain delivery times by one or two days. The changes now proposed, however, prove more finely gradated than the above-mentioned “phase 2,” and they are predicated on a variegated scale of drive times that better reflect the realities of mail transportation. As an illustration, the Postal Service notes that the new system would yield a two-day service standard to inter-SCF First-Class Mail if the combined drive time between the origin Processing & Distribution Center or Facility (P&DC/F), destination ADC, and destination SCF is 3 hours or less; and a three-day standard for inter-SCF First-Class Mail within the 48 contiguous states where the combined drive time between the origin P&DC/F, destination ADC, and destination SCF is more than 3 hours, but does not exceed 20 hours, and also for intra-

---

<sup>2</sup> Commission Report Complaint on First-Class Mail Service Standards, 2001 (“Commission Report”), Docket No. C2001-3, App’x B, p. 8.

<sup>3</sup> *Id.*

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN  
TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF  
STEVE HUTKINS**

SCF single-piece First-Class Mail if the combined drive time exceeds 3 hours and the SCF is not the origin P&DC/F. This greater degree of nuance suggests an underlying model (described at length in witness Hagenstein's testimony (USPS-T-3)) that is different from, and more sophisticated than, the computer-based projections that were found in 2001 to have produced the outcomes presented in the complaint case.

Just as important, if not more so, is the difference in procedural posture. In 2001, the Postal Service deemed itself to be implementing the second part of an initiative that the Commission had already examined. Yet in Docket No. C2001-3, the Commission found these changes to be beyond the scope of the original proposal; and this determination presumably colored its substantive findings. Thus, in its analysis of 39 U.S.C. § 101(e), and of the Postal Service's duty pursuant to that statute, the Commission opined:

Had the Service filed a new Request prior to implementing the 2000-2001 realignment, it would have had an opportunity to develop a record to support the contention that '3 days is fast enough' to satisfy the statute. As it stands, however, there is not a record to support this proposition, which is inherent in the approach the Service adopted.<sup>4</sup>

This assessment, which binds the substance of the changes to the precipitousness of their implementation, informed the Commission's recommendation that "where significant volumes of First-Class Mail exist between city pairs where reliable air transportation exists, the Service give serious consideration to utilizing that transportation when it will result in more expeditious delivery"—as, in the absence of a

---

<sup>4</sup> *Id.* at App'x C, p. 8.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN  
TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF  
STEVE HUTKINS**

full airing, the Postal Service was assumed to have eschewed such serious consideration.<sup>5</sup>

By contrast, the proposed changes now before the Commission are precisely that: proposed changes, which the Postal Service has explained at length, for which it has provided compelling reasons, and on behalf of which it now advocates in a public proceeding. In particular, the Postal Service has shown how, given current operational, volume, and financial realities, it is appropriate to revise the service standards using objective criteria to enable more volume to move by surface transportation; this will lead to greater service reliability, and will assist the Postal Service in its efforts to create a more precise, resilient, financially sustainable network. It is these considerations that have material relevance to the question of “undue discrimination” under 403(c), and to that, flowing from it, of the Postal Service’s ability to meet the mandate of section 101(a).

As the Commission itself acknowledged in Docket No. C2001-3, “Geography, network design, and distances all play legitimate roles in determining service standards . . . .”<sup>6</sup> Indeed, transportation changes applied in an objective and neutral fashion may unavoidably yield longer delivery times for pieces traveling longer distances. Indeed, any objective operational criteria applied equally throughout the Nation can have differing impacts in different areas of the country, given the size and geographic diversity of the Nation, but it cannot be the case that the Postal Service is

---

<sup>5</sup> *Id.* at App’x C, p. 9.

<sup>6</sup> *Id.* at App’x X, p. 12.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN  
TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF  
STEVE HUTKINS**

foreclosed from adopting such uniform criteria. The Postal Service therefore submits that such unintentional discrepancies in no way constitute undue or unreasonable discrimination. (As a policy matter, it should perhaps be noted that a standard of equality along all dimensions would encourage a process of levelling-down across all pairs, rather one of levelling-up where feasible).

The proposed changes, furthermore, distinguish themselves from those discussed in Docket No. C2001-3 in ways that neutralize even the appearance of undue discrimination. For one thing, the current changes have a different “starting point” from that criticized by the Commission in Docket No. C2001-3, where the Postal Service was found to have “proceeded without public involvement and eliminated air transportation from initial determinations.” The Commission’s allusion to “public involvement” served, at least in part, to admonish the Postal Service for implementing service changes without first seeking an advisory opinion; as noted above, such is not the case here. Furthermore, multiple complainants in Docket No. C2001-3 drew attention to an anomalous “pseudo ADC” arrangement, which resulted from the use of a sorting scheme assignment and from the delegation to a local official of responsibility for deciding which facility should serve as the designated ADC. As a result, some service standards (notably in California) were downgraded from 2-day service to 3-day service when, had the model been applied uniformly, these downgrades would not have occurred. The complainants asserted—and the Commission concurred—that the model had thus been deployed unevenly and discriminatorily in those areas without a reasonable basis. The Commission indicated that by providing the 2-day service

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN  
TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF  
STEVE HUTKINS**

standard to all areas involved in the “pseudo ADC” arrangement, the Postal Service could remedy this fault.<sup>7</sup> The changes currently before the commission contemplate no such “pseudo ADC” arrangements.

Thus, to the extent that the “undue discrimination” noted in Docket No. C2001-3 “impede[d] the Service’s ability to meet the mandate of section 101(a), which exhorts the Service ‘... to provide prompt, reliable, and efficient services to patrons in all areas,’”<sup>8</sup> the lack of such discrimination here means that the Postal Service’s current proposal does not infringe the mandate of section 101(a). These changes, in fact, would serve to uphold that mandate by better enabling the Postal Service to “provide prompt, reliable, and efficient services to patrons in all areas.”<sup>9</sup> For, as the Postal Service has shown in its filings, the current service standards force an over-reliance on air transportation. These carriers are subject to last-minute changes based upon weather delays, network congestion, and air traffic control ground stops. The addition of one or two days to current service standards for First-Class Mail would enable the Postal Service to convey a greater volume of mail within the contiguous United States by surface transportation, thereby improving on-time reliability.

Overall, the Postal Service believes that it demonstrated how this service standard change conforms to all policies of the statute, and that this conclusion is not belied by Commission findings 15 years ago regarding a different service standard change in a fundamentally different substantive and procedural context.

---

<sup>7</sup> *Id.* at App’x D, p. 5-6.

<sup>8</sup> *Id.* at App’x C, p. 12.

<sup>9</sup> 39 U.S.C. § 101(a).



**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN  
TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF  
STEVE HUTKINS**

**SH/USPS-T3-3.** Has the Postal Service performed or commissioned any studies that would address issues involving the potential for unintentional geographic discrimination caused by the proposed changes? If so, please provide the results of these studies.

**RESPONSE:**

No studies were performed or commissioned to address unintentional geographic discrimination.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN  
TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF  
STEVE HUTKINS**

**SH/USPS-T3-4.** Please refer to USPS-LR-N2021-1-3, Excel sheet entitled "3\_Zip3\_OD\_Pairs.xlsx," and USPS-LR-N2021-1-1, Excel spreadsheet "1\_P.Mode\_Mapping.xlsx." Please provide an Excel spreadsheet that contains all of the data in the OD pair sheet with two additional columns, one for the mode data (air, surface, etc.) from the mode mapping sheet and one that shows the mode of transportation after the plan is implemented.

**RESPONSE:**

Please see the Excel spreadsheet filed in USPS-LR-N2021-1-19 and its non-public counterpart in USPS-LR-N2021-1-NP8.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN  
TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF  
STEVE HUTKINS**

**SH/USPS-T3-5.** Please provide an Excel spreadsheet that contains the following: (a) originating 3-digit prefix for the 903 OD pairs in the contiguous U.S., as presented in USPS-LR-N2021-1-3, (b) total number of pairs currently 2-day, (c) total number of pairs currently 3-day, (d) total number of 2-day pairs under proposal, (e) total number of 3-day pairs under proposal, (f) total number of 4-day pairs under proposal, (g) total number of 5-day pairs under proposal, (h) total volume for pairs currently 2-day, (i) total volume for pairs currently 3-day, (j) total volume for pairs 2-day under proposal, (k) total volume for 3-day pairs under proposal, (l) total volume for 4-day pairs under proposal, and (m) total volume for 5-day pairs under proposal.

**RESPONSE:**

Please see the Excel spreadsheet filed in USPS-LR-N2021-1-19.